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SUBJECT: ATTORNEY GENERAL GONZALES' JUNE 28 MEETING WITH
ISRAELI FM LIVNI

Classified By: Ambassador Richard H. Jones. Reasons: 1.4 (b, d).

SUMMARY

1. (C) Israeli Foreign Minister Tzipi Livni told Attorney General Alberto Gonzales June 28 that Israel is grateful for U.S. support during the crisis in the Gaza Strip that began on Sunday with the attack on Kerem Shalom and the kidnapping of IDF soldier Gilad Shalit. She said that there is not much more that the U.S. and other countries could do to resolve the crisis, short of applying more pressure on Syria, from where she claimed Hamas leaders are running Hamas operations in Gaza. Livni said the GOI had decided, before sending the IDF back into the Gaza Strip, that all diplomatic opportunities had been exhausted, and that Palestinian Authority (PA) Chairman Mahmud Abbas had proven that he could not deliver a peaceful resolution to the crisis. She added that, based on past experience, Israel could not afford to allow a hostage crisis to linger. Asked about the future, Livni suggested, in Israel's analysis, the crisis demonstrates that PM Olmert's unilateral realignment plan is probably the only possibility for resolving the Israeli-Palestinian conflict. Addressing other issues that the Attorney General raised, Livni said that Israel fully understands the importance the USG places on trafficking in persons (TIP), labor trafficking and intellectual property rights (IPR), and expressed her hope that the Olmert government would make progress on those issues. She said that the Attorney General can count on her support for having Shin Bet and other GOI officials provide additional testimony in two ongoing criminal trials in Dallas and Chicago. She requested the Attorney General's assistance in dealing with the phenomenon of NGOs filing lawsuits against Israeli officials abroad. END SUMMARY.

MORE PRESSURE ON SYRIA WOULD BE HELPFUL

2. (C) Responding to the Attorney General's offer of USG assistance in resolving the crisis in the Gaza Strip, FM Livni expressed appreciation for USG support, but suggested that there is not much more that the USG could do except put more financial pressure on Hamas, and apply "sharp, pointed pressure of a short duration" on Syria -- and President Assad in particular -- to make it clear that (a) he must bring Palestinian rejectionists under control, and (b) kidnapping will not be tolerated. Livni claimed that the GOI gave Palestinian Authority Chairman Mahmud Abbas a chance to act in order to secure the release of IDF hostage Gilad Shalit, but concluded that he "cannot deliver." She expressed appreciation for U.S., French and Egyptian diplomatic efforts to resolve the crisis, but noted her conclusion that all diplomatic efforts had been exhausted. Asked how she sees the crisis resolving itself, she admitted that she did not know, but expressed hope that the increased pressure on the PA will either lead to Shalit's release by his captors, or force an internal confrontation among the Palestinians that would lead to an end of the crisis. She allowed that the Israeli military -- now operating in Gaza -- might locate Shalit and extract him. Visibly tired and dismayed, FM Livni said that in the Middle East the only choices are always between "bad options," and that all anyone can do at this point is to take action and maintain hope. She said that prolongation of the hostage situation is unacceptable, and recalled the example of Ron Arad -- the Israeli navigator captured in 1986. Livni said that Israel tries to see the world through the terrorists' eyes, and believes that they view Israel as either strong or weak. She added, "It may be that by showing restraint in the face of all the Qassams, that they viewed Israel as weak."

3. (C) Regarding the larger Israeli-Palestinian conflict, FM Livni recounted how Israel had implemented decisions to "open a new window for peace" by dismantling settlements and withdrawing the IDF from the Gaza Strip, thereby giving the Palestinians responsibility for their lives. Israel hoped that the Palestinians would see that "Israel means business"

and is willing to take difficult steps. She stressed, "I myself voted to take 7,000 Israelis out of their homes in Gaza -- some of whom had been born there and lived their entire lives there." Livni told the Attorney General that disengagement "tore Israeli society apart," and caused Israelis to question their birthright to the land and the real meaning of democracy. She stressed that the GOI took the decision, nevertheless, to promote the peace process and President Bush's vision. In return, she said, Israel was subjected to terrorist attacks and a constant rain of Qassam rockets from the Gaza Strip. Gaza, she said, "has been transformed into a terror nest." She complained that, as a result of democratic elections, Hamas had come to power: "It is too late to discuss this, but democracy led to this."

14. (C) Livni said that up until the beginning of the crisis on Sunday, the GOI had hoped that the debate over the prisoners document might lead to a change on the Palestinian side that would make GOI-PA negotiations on the basis of the roadmap, "or some other basis," possible. Livni stressed that Israel would never have accepted the prisoners document as a basis for negotiations as it did not recognize Quartet principles, but characterized it as something that the GOI regarded with hope as a means to topple Hamas. She said that Israel would prefer to reach an agreement with the Palestinians because doing so would garner international support. Such a possibility now seems very remote, she said, and makes PM Olmert's realignment plan look more likely. Livni stated more than once that it is clear to the GOI that PA Chairman Abbas cannot deliver. Since the kidnapping crisis, she said, it has become clear to Israel that Hamas itself is divided, and that Hamas leader Khalid Misha'al is "calling the shots" for the Palestinians from Damascus. She described Hamas as a radical, jihadist terrorist organization that has one aim -- to build a new caliphate in the region -- and which has a charter based on killing Christians and Jews.

GOI INSTABILITY HAS HAMPERED PROGRESS ON ANTI-TIP EFFORTS

15. (C) FM Livni did not complain about the latest trafficking in persons (TIP) report on Israel, or its listing on the Tier Two Watchlist. Instead, she asked the Attorney General to understand that turmoil within the GOI over the last several years -- when elections on average took place every two years -- made it difficult for the GOI and the Knesset to maintain a sustained focus on the labor trafficking issue and legislation addressing it. She stated that Israel recognizes that the TIP and labor trafficking issues are of significant importance to the USG, and noted that they are also important to Israel's society and values.

16. (C) Attorney General Gonzales noted that he also had a good discussion with Israeli Justice Minister Ramon on the importance the USG places on intellectual property rights, and that he had secured Ramon's commitment to helping the U.S. on both issues.

GOI WILL COOPERATE IN U.S. INVESTIGATIONS

17. (C) FM Livni said that she understood that the USG will be requesting more testimony from Shin Bet and other GOI officials in two ongoing trials taking place in Dallas, Texas, and Chicago, Illinois. She said that the Attorney General will be able to count on her support for having the requested GOI officials testify.

18. (C) FM Livni noted that an NGO has filed a lawsuit against former General Security Service Director Avi Dichter, that Israeli officials are wary about traveling to Europe because of such legal proceedings, and that Israel now faces the same situation in the U.S. The Attorney General said that his office would be willing to share its experience and ideas on how to deal with such situations involving Europe, and would look into the charges filed in the U.S.

19. (U) Attorney General Gonzales did not have an opportunity to clear this message before departing post.

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JONES